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Incentive Marketing

INCORPORATING INCENTIVE TRAVEL

DECEMBER 1984

Facts '84

What the Numbers Mean

AWARD SELECTION: Cars are the Stars

December 1984

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Bill publications and divisions: Automotive Chain Store, Incentive Marketing, Industrial Chemical News, Institutional Distribution, Jobber Retailer, Modern Tire Dealer, Plastics Technology, Restaurant Business, Restaurant & Hotel Design, Sales & Marketing Management, Successful Meetings, Foodservice Research Center, Market Statistics, Sales Builders, SM Data Bank.

Facts '84

A sharp increase in usage of most incentive techniques has marked 1984 as the first year in many to show significant real growth.

Sales force incentives have led a spending acceleration of the entire field, as users have begun to believe in an economic recovery that many questioned last year.

Incentive Marketing's estimate of total expenditures this year comes to $11.8 billion—13.3 percent higher than American marketers' 1983 outlay. That is the biggest percentage growth since 1979, and the largest real expansion—considering the effects of inflation—since 1977.

During three of the intervening years, 1980, 1981 and 1982, the rate of inflation was greater than the rate of expansion in incentive use—meaning a real decline in promotional activity.

This year's comeback is a slightly less vigorous replay of the post-recession years of 1976 through 1978. In 1976, incentive use rose 18.7 percent against a 5.8-percent inflation rate; this year's 13.3-percent growth coincides with about 4.5 percent inflation.

The difference seems to relate to the slowdown in the growth of the economy in the last half of the year; many users' reports in the later months indicated somewhat smaller increases in their incentive spending plans. A bit of caution, accompanied by inventory cutting in some fields, has trimmed some promotion programs.

When the 1984 estimate is deflated, the real growth this year comes to about 8.2 percent. While not exactly a boom, this represents a good chunk of the expansion of the field during the last two decades. The first FACTS survey covered usage in 1967, the same year the Consumer Price Index, principal indicator of inflation, keys to 100. With the ups and downs of incentive promotion in various intervening years, the net real growth in that 17-year span is only about 18 percent.

As in many years of accelerating promotion activity, the initial thrust this year has been in motivating salespeople. Sales incentives in 1984 are chalk-

1984 has been the first year in many to show significant real growth in incentive usage, as estimated expenditures have climbed to $11.8 billion—a 13.3-percent increase over 1983.

ing up an estimated 19.9-percent increase over 1983.

Both merchandise and travel campaigns for salespeople are up substantially, with a slight edge for travel—up 21.3 percent, while merchandise usage has advanced 19.5 percent.

In dealer incentives—aimed at distributors, wholesalers and retailers—there was a smaller, but healthy, growth of 12.2 percent over 1983. Here again, travel ran a little ahead, increasing 13.8 percent while merchandise awards for dealers went up 11.4 percent.

Consumer premium promotion has gained this year, but somewhat less than the other types—11.4 percent. Retail incentives have grown about 11.6 percent.

Product promotion this year accounts for an estimated $3.3 billion in incentive spending, almost evenly divided between mail-in offers and direct premiums. At retail, the total has risen to $2.3 billion.

The mail-in types of consumer promotion—self-liquidators, free mail-ins and sweepstakes—attained a new high for this year of $1.7 billion, about 11.5 percent ahead of last year. The other types—direct premiums, factory-packs and coupon plans—used an estimated $1.65 billion worth of merchandise, up 11.2 percent.

In the retail arena, grocers accounted for more than half the total spending of $2.3 billion. Grocers also showed a larger expansion in their promotion—up by 15.3 percent to $1.2 billion.

Business gifts, the remaining incentive category, have increased in usage by 8.5 percent this year, to a total of $1.1 billion. In previous surveys, IM has listed business gifts separately, without including them in the tabulations of individual industries.

This year, for the first time, gift expenditures have been broken down by industry, and those figures are included in the industry tables on pages 53 through 65.

The automotive industries led with increases in expenditures exceeding 19 percent. Auto parts, tires and accessories boosted promotion by 19.4 percent to a new total of $582 million (not counting business gifts). Automobile and truck manufacturers advanced 19.3 percent to non-gift purchases of $310 million. Both groups upped their sales incentive investments by more than 21 percent, with dealer programs only slightly behind. The consumer premiums category was in the 13-percent growth range for both.

Other industries moving ahead faster than most were insurance, up 18.3 percent; machinery and supplies, 18 percent, and office equipment, 16.2 percent.

The slowest moving industry was banks and savings and loans, which had cut back by 29.1 percent in 1982 and by another 6.3 percent last year. The financial institutions, after heavy reliance on rate promotion, displayed a 7-percent resurgence this year. Building materials were more vigorous, up 8.4 percent, as the housing market rose slowly.

The other laggards in this year's incentive rebound are sporting goods and toys, up about 10.1 percent; and publishers, printers and broadcasters, up 10.9 percent.

The top 10 user industries control a greater concentration of incentive spending

THE INCENTIVE FIELD AT A GLANCE

	1983 EXPENDITURES	% CHANGE	1984 EXPENDITURES	% CHANGE
	(ALL FIGURES IN THOUSANDS—"000" OMITTED)			
SALES INCENTIVES	$2,489,169	7.7	$2,984,320	19.9
Merchandise	1,892,694	7.5	2,260,834	19.5
Travel	596,475	8.2	723,486	21.3
DEALER INCENTIVES	$1,823,227	7.4	$2,045,792	12.2
Merchandise	1,207,834	7.6	1,345,576	11.4
Travel	615,393	7.1	700,216	13.8
MERCHANDISE TOTAL	$3,100,528	7.5	$3,606,410	16.3
TRAVEL TOTAL	$1,211,868	7.6	$1,423,702	17.5
TRADE TOTAL	$4,312,396	7.6	$5,030,112	16.6
BUSINESS GIFTS	$1,034,000	8.0	$1,122,164	8.5
CONSUMER PREMIUMS				
Product Promotion:	$3,009,721	7.3	$3,352,402	11.4
• Mail-In Offers	1,524,432	6.8	1,700,310	11.5
• Direct Premiums	1,485,289	7.8	1,652,092	11.2
Retail Promotion:	$2,084,000	3.8	$2,326,000	11.6
• Trading Stamps	530,000	4.5	554,000	4.5
• Other Retail Premiums	1,554,000	3.5	1,772,000	14.0
CONSUMER TOTAL	$5,093,721	5.8	$5,678,402	11.5
TOTAL USAGE	**$10,440,117**	**6.8**	**$11,830,678**	**13.3**

this year. These industries in 1983 spent about 44 percent of the total; this year their share is almost 49 percent. This reflects the fact that four of the five industries showing the largest percentage expansions are among the top 10 users.

The top half of the list of leaders has not changed this year, with the same five industries aligned in the same order as in 1982 and 1983. Below that level, there have been some shifts. Automobiles and trucks moved ahead of electronics, radio and television into sixth position. Last year's No. 8, petroleum products, slipped to 10th place, supplanted by building materials. Office equipment, the 11th-largest user a year ago, is now in ninth position and last year's No. 9, farm equipment, dropped out of the leaders.

Among the incentive techniques, the 19.9-percent increase in sales incentive use this year brought that segment of the field to a milestone, as it exceeded 25 percent of total usage for the first time.

Dealer incentives, with a slightly lower rate of increase, represent 17.3 percent of the year's expenditures, at $2 billion. Business gifts stand at about 9.5 percent, with $1.1 billion.

The remainder of the $11.8 billion spent this year belongs to consumer premiums—28.3 percent for product promotion ($3.3 billion) and the final 19.7 percent, or $2.3 billion, for retail promotions.

The **IM** FACTS report for 1982 called it "A Tough Year for Incentives," and 1983 was headlined, "A Cautious Year, as Buyers Wait for the Recovery." This year's evidence shows clearly that the caution and waiting are over.

The outlook for 1985 is still somewhat vague—both in terms of the economy in general and incentive usage. If the slowing economic growth of the latter months of 1984 continues—without stalling into another recession—the result is likely to be an intensified need for incentives to maintain and expand market positions. ■

Sales Incentives

Sales incentives posted the greatest spending gains, as a 19.9-percent expansion brought a 25.2-percent share of the field—with total volume of $2.9 billion.

Sales incentives, with a 19.9-percent growth this year, have moved to a 25.2-percent share of the incentive field, after hovering in the 23-percent range for years and reaching 23.8 percent last year. This year's big jump brings the **IM** sales incentive volume estimate to $2.9 billion.

Sales increases averaged over 20 percent, at a net cost of 9 percent of incremental sales for the average program.

The 19.9-percent estimated rise in sales incentive spending is the largest expansion in 18 years of FACTS surveys. The previous high was in 1977, with a 15.9-percent growth.

About 78 percent of the 1984 spending has been allocated for merchandise purchases, $2.2 billion worth, with the other 24 percent ($723 million) slated for travel. Travel outlays grew a little more than merchandise—21.3 percent versus 19.5 percent.

The user industries divided roughly into three camps—with 11 of the specifically tabulated groups expanding their sales incentives significantly faster (21 percent or more) than the average. Ten fell below a 19-percent growth rate, and the remaining 11 upped their spending by 19 percent to 20.9 percent, the middle range. Only the banks and savings and loans category failed to post double-digit spending increases, finishing with a 5.4-percent growth.

There were no notable changes in the top 10 industries. All ranked the same as in 1983, except that automobiles and trucks ran a little faster than electronics, radio and TV and slipped past that field to take over fourth place on the chart (see page 47).

Four of the biggest users also were among those with the fattest percentage increases in 1984 spending—insurance (up 21 percent), auto parts, tires and accessories (21.7 percent), automobiles and trucks (21.5 percent) and food products (25.1 percent, the largest growth reported). The two largest, unclassified categories—wholesalers and distributors and miscellaneous industries—also ranked high in growth rates, tallying 21.3 percent and 23.5 percent, respectively.

Increasing overall volume remains the leading sales incentive

TOTAL DOLLAR VOLUME OF INCENTIVE USAGE

(ALL FIGURES IN THOUSANDS-00 OMITTED)

1984	$11,830,678,000
1983	$10,440,117,000
1982	$ 9,779,217,000
1981	$ 9,361,510,000
1980	$ 8,664,251,000
1979	$ 7,696,138,000
1978	$ 6,719,687,000
1977	$ 5,841,575,000
1976	$ 5,026,535,000
1975	$ 4,236,305,000
1974	$ 4,829,964,000
1973	$ 5,023,184,000
1972	$ 4,649,653,000
1971	$ 4,222,505,000
1970	$ 3,793,000,000
1969	$ 3,772,000,000
1968	$ 3,598,000,000
1967	$ 3,218,000,000

*Source: **IM** surveys 1967-1984*

program objective, noted by 74 percent of respondents to the latest **IM** survey.

An average conceals many variations, and individual companies' reports vary considerably. In some cases, a 20-percent campaign growth would be impossible; in others, special circumstances could bring double that result. But the average from year to year is a realistic gauge of the field's overall performance. And this year's reading of 20.1 percent tells us that things are healthier than in several years.

The average portion of added sales required to do the job further improves the evaluation. American business invests 90 cents in merchandise or travel incentives for each $10 in new sales volume. Again, the averages mask a range of individual results. Although the average cost has dropped from 14 percent to 9 percent of incremental sales, the median cost for four years has remained at 7 percent. This means that a marketer who considers all elements in his program "normal" might hope to come out with a 7-percent cost. But the drop in the average also means that those who are not so fortunate and have higher costs are fewer and the excess costs are smaller.

Users this year have kept their unit award costs quite stable. The cost of an individual trip award, subject to hefty increases in recent years, rose only about 6 percent in 1984—from an average of $1,564 to $1,664. The median price of a travel prize in both years was $1,200. Merchandise buyers found ways to cut their average costs by about 6 percent, from 1983's $246 to $232 this year. The median also dropped, from $117 to $100.

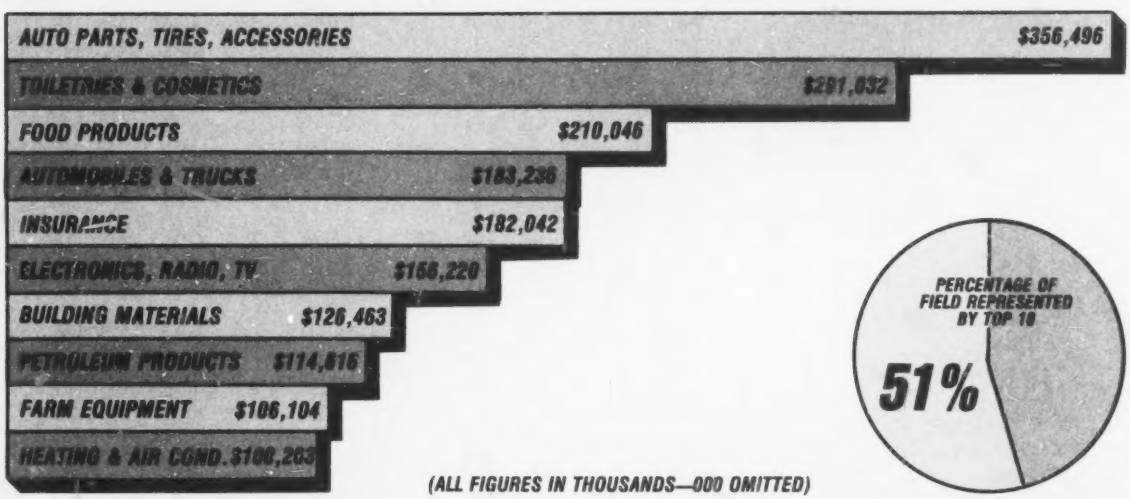
After measuring the sales that came in and the elements of cost that went out, there is a third measure of success that also showed notable improvement this year—the percentage of eligible salespeople earning awards.

The qualification rate has occasionally hit 50 percent or more in the past, although most years' surveys have shown averages in the upper 40's. The figure jumped to a high of 54 percent in the 1981 reports. But, by 1982, it had plummeted to only 39 percent of the average sales force earning awards. This year that average rebounded to 44 percent. This is still a bit below the optimum participation sought by many marketers, but it does show that for every seven salespeople who made their quotas during the past two years, better than eight were on target in 1984.

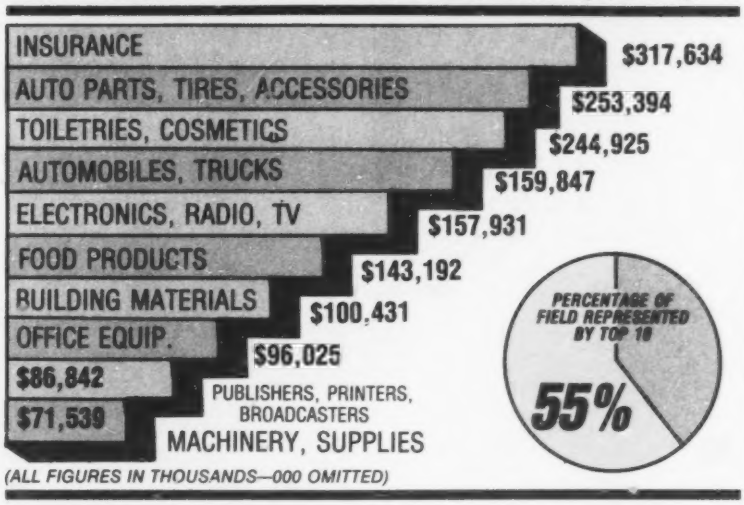
The high performance of sales incentives this year in the major criteria of sales results and percentage cost, along with an improved participation by eligible salespeople, is naturally good news to all users. But it has special meaning to a considerable minority who rely on it exclusively among the incentive techniques. Of this year's survey respondents, 35 percent offer no consumer or dealer incentives. With the exception of back-up in many cases by some business gifts to customers, sales incentives are their only motivational tool.

That sales incentives are again working so effectively—both for exclusive users and for those who use them to support other promotional efforts—is not only good news for the present, but a promise for the immediate future, when challenges to sales management may increase. ■

TOP 10 MERCHANDISE TRADE INCENTIVE USERS (1984)



TOP SALES INCENTIVE USERS (1984)



(ALL FIGURES IN THOUSANDS—000 OMITTED)

Dealer Incentives

Dealer incentives experienced a 12.2-percent upsurge, with spending surpassing $2 billion.

Dealer incentives experienced an upsurge marked by increased usage, improved sales performance and reduced cost ratios in 1984.

The primary motivational marketing tool of distribution management expanded in usage by 12.2 percent and wrote the best bottom-line record since 1979. This year's estimated total of dealer incentive purchases came to more than $2 billion. More than one-third of the total, or $700 million, was spent for travel programs, and the rest for merchandise awards. The travel portion of the budgets grew a little faster than merchandise—by 13.8 percent, versus 11.4 percent for merchandise.

The economic recovery brought the first real life to dealer incentives in several years. Recent annual increases in expenditures for this technique have lagged at rates of 5.4 percent, 3.3 percent and 7.4 percent—in each case below or close to the rate of inflation for the year, signifying no real movement.

The 1984 increase was less spectacular than the 19.9-percent jump in sales incentives, but ahead of the consumer premium growth of 11.5 percent. And, with the year's inflation level lower than it has been for some time, it represented plenty of real growth.

The star performers in dealer incentive use this year have been the automotive industries. Auto parts, tires and accessories, the largest user of dealer promotions, added 19.2 percent to its outlay for incentives in 1984. And automobile and truck manufacturers, the second largest user group, spent 17.2 percent more than they did in 1983.

The insurance industry ran third in increased activity, with a 13.7-percent gain.

Only two other fields exceeded the all-industry average of 12.2 percent—the fourth-largest user industry, electronics, radio and TV at 12.9 percent, and the No. 6 group, food products, up 12.3 percent.

Among others in the top 10, third-ranked farm equipment showed an expansion of 9.5 percent, and No. 5, heating & air conditioning, was up by 10.7 percent. The remaining four industries were toiletries and cosmetics (11.1 percent, petroleum products (10.6 percent), building materials (4 percent) and feed, fertilizer and farm supplies (10.4 percent).

The estimated expenditures for the year do not reflect how users divided their promotions among the various audience groups known overall as "dealers." But a special survey earlier this year (see **IM,** April 1984) did provide a breakdown of the responding marketers' targets. The biggest group, wholesalers and distributors, was favored by 49 percent of respondents. Service contractors attracted the attention of 29 percent, and 43 percent aimed their campaigns at retailers. An "other" category selected by 25 percent included a range of dealers difficult to classify, such as beauty salons, boat yards, insurance brokers, nurseries, lumber dealers and travel agents. In all, these executives target an average of about 1.5 dealer types, as indicated by the excess of the responses over 100 percent.

It is usually difficult to run an incentive program without having some positive effect on sales during the period. But in 1981 and 1982, many users experienced that frustrating result. An early-1983 **IM** survey found that 19 percent of respondents offering merchandise incentives had achieved no sales gains the previous year, and 31 percent of travel users had rung up zeros. In some cases, their best efforts had barely slowed a declining trend.

For the first time the survey report dropped those "losers" from the calculations; usually the few zero results are figured into the averages. With that help, the pro-

INCENTIVE USAGE BY INDUSTRY

(ALL FIGURES IN THOUSANDS-000 OMITTED)

INDUSTRY	TOTAL EXPENDITURES	% CHANGE FROM 1983*
FOOD PRODUCTS	$1,212,003	13.7
TOILETRIES & COSMETICS	$ 700,200	14.3
AUTO PARTS, TIRES, ACCESSORIES	$ 681,093	19.4
INSURANCE	$ 487,151	18.3
AUTOMOBILES & TRUCKS	$ 378,635	19.3
ELECTRONICS, RADIO, TV	$ 372,104	13.1
BUILDING MATERIALS	$ 231,551	8.4
OFFICE EQUIPMENT	$ 228,864	16.2
PETROLEUM PRODUCTS	$ 221,219	13.4
FARM EQUIPMENT	$ 218,466	11.2
PUBLISHERS, PRINTERS, BROADCASTERS	$ 217,292	10.9
HEATING & AIR CONDITIONING	$ 213,683	14.0
HOUSEWARES, HOME FURNISHINGS	$ 199,616	14.7
BANKS, SAVINGS & LOANS	$ 195,960	7.0
FEED, FERTILIZER, FARM SUPPLIES	$ 188,353	12.1
BEER, ALE, SOFT DRINKS	$ 178,355	14.4
DETERGENTS & CLEANSERS	$ 177,977	13.9
ELECTRIC APPLIANCES	$ 168,031	13.6
PHARMACEUTICALS	$ 141,638	14.3
MACHINERY & SUPPLIES	$ 113,437	18.0
ELECTRICAL & LIGHTING EQUIPMENT	$ 102,518	13.3
INDUSTRIAL CHEMICALS	$ 91,056	14.4
FURNITURE & FLOOR COVERINGS	$ 82,141	13.0
PAPER PRODUCTS & PACKAGING	$ 68,813	14.2
APPAREL	$ 53,980	14.3
PAINTS & VARNISHES	$ 50,053	14.1
SPORTING GOODS & TOYS	$ 43,564	10.1
HARDWARE	$ 31,550	14.4
LUGGAGE, JEWELRY, ACCESSORIES	$ 22,629	16.1
PUBLIC UTILITIES	$ 21,903	15.1
MISCELLANEOUS INDUSTRIES	$1,318,866	14.6
DISTRIBUTORS, WHOLESALERS	$1,081,977	14.6

*-Percentage change *excludes* business gifts, which are included in 1984 industry estimates but were not tabulated by industry for 1983.

Sales gains for dealer incentive users averaged 16.9 percent, and average costs dipped to 10 percent of additional sales.

grams which yielded positive results averaged an 11-percent sales growth in 1982. Last year was better, with a rise to a normally calculated average of 15.7 percent.

During 1984, however, another jump to a 16.9-percent average increase brought dealer incentives closer to a rewarding outcome.

The total cost of dealer incentive sales increments has held relatively steady for several years, compared with the wide fluctuations in results. But the cost has declined in the past two surveys. In 1983, it dropped from 12 percent to 11 percent, and this year declined another point. This is still higher than the 9 percent recorded this year by users of sales incentives, and the lowest rate in at least six years.

The increased rate of dealer participation in incentive programs this year is another indicator of improved results. In both merchandise offers and travel campaigns, the qualification rate has gone over the 50-percent mark for the first time in several years.

In 1983, a merchandise promotion involved, on the average, 49 percent of a user's eligible audience; this year, that figure has moved up to 55 percent. For travel, the change is more dramatic—from 41 percent to 56 percent.

The individual cost of incentive awards to dealers remained stable in the past two years, as measured by the median unit prices users paid, although the averages shifted a bit, up for travel, down for merchandise. The respective median cost figures for both 1983 and

1984 were $1,200 and $50.

The overall average cost of a trip, usually for two, rose from $1,690 to $1,890, while individual merchandise outlays averaged $125 this year, compared with $178 in 1983.

All the factors of costs and results appear to justify the growing user confidence demonstrated in this year's survey. While recent increases have been largely washed out by inflation, leaving a relatively stagnant picture in real growth, this year has broken out of that mold.

This year's final inflation rate will not be known for some months, but recent estimates suggest that 4.5 percent is a fair estimate for the year. If a deflator is applied to the added dealer incentive spending this year in accordance with that presumption, the real rate of growth in dealer promotional activity for the year will convert to 7.2 percent.

While that growth rate is not of explosive proportions, it signals a most healthy use of the technique, and the first such sign in many years—following a long period of flat or barely progressing usage. ■

Consumer Premiums

The 11.4-percent growth of consumer promotion represents the first notable real advancement of the category since 1977.

Consumer premium promotion has come back strongly this year after the recession break, though not so vigorously as trade incentives.

Many marketers, it seems, chose to channel their major resources into the trade area—especially sales incentives—and to let the stimulus trickle down to the consumer level.

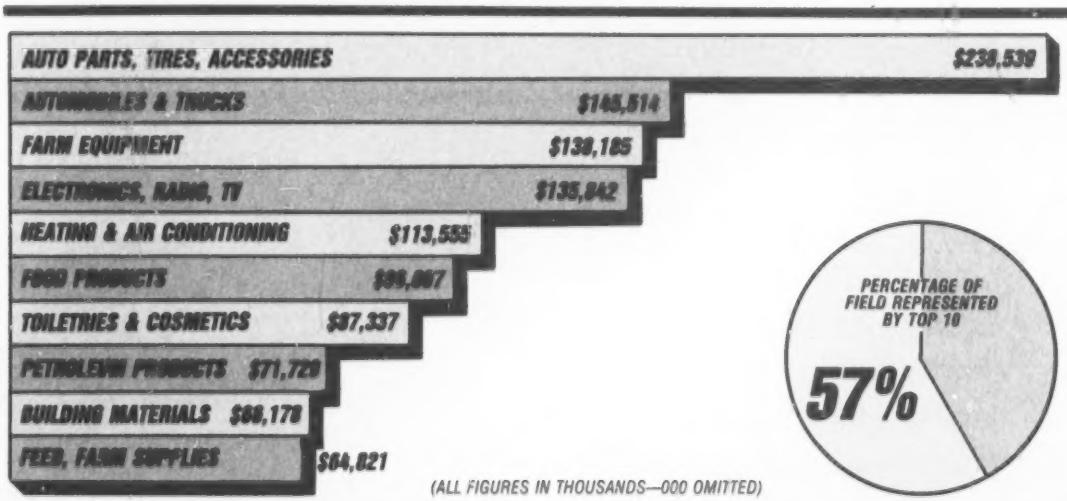
Nevertheless, consumer premiums enjoyed the best growth in quite a few years, with inflation taking only a small toll. The 11.4-percent growth compares very favorably to the 1982 and 1983 rates of 2.5 percent and 7.3 percent, respectively.

Although consumer promotion lagged behind the 19.9-percent increase in sales incentives, and was a little short of the 12.2-percent score for dealer programs, the overall result for all three areas was the first notable real growth—after inflation—since 1977.

The new total for the consumer techniques reached $3.3 billion in product promotion, with another $2.3 billion devoted to retail marketing efforts. The retail expansion was 11.6 percent, just a hair above that of manufacturers' and distributors' promotion.

The expansion in consumer product promotion techniques was almost evenly divided: 11.5 percent for the mail-in types (self-liquidators, free mail-ins and sweepstakes) and 11.2 percent for direct premiums (including factory-packs and coupon plans). And the division between the two groups remains almost even in dollar totals. The mail-ins have a slight edge, at $1.7 billion, compared with $1.65 billion for the other varieties.

TOP 10 DEALER INCENTIVE USERS (1984)



Many marketers chose to channel their major resources into the trade area and to let the stimulus trickle down to consumers.

Advertisers not only have spent more on individual promotions this year but also were running more of them, according to **IM's** special survey (see **IM,** May 1984). The median number of consumer promotions reported in 1983 was three, but this year it rose to four. The average was 4.6 mail-in offers and 5.6 direct premium promotions.

The retail portion of the field presents a divergent picture, with the only form specifically segregated in the tabulations—trading stamps—showing only a 4.5-percent advance, the same rate of growth as in 1983. All other retail promotion expanded by 14.5 percent.

While the "other retail" category included many promotion techniques practiced by many types of retailers, the largest single element for some years has been the supermarket continuity promotion. This category is not tracked separately in the **IM** surveys, but has been clarified this year by research from the Association of Retail Marketing Services (ARMS), which estimated that continuities accounted for $558 million in spending by grocery retailers, surpassing the total of trading stamp programs for the first time, although by a slim $4 million.

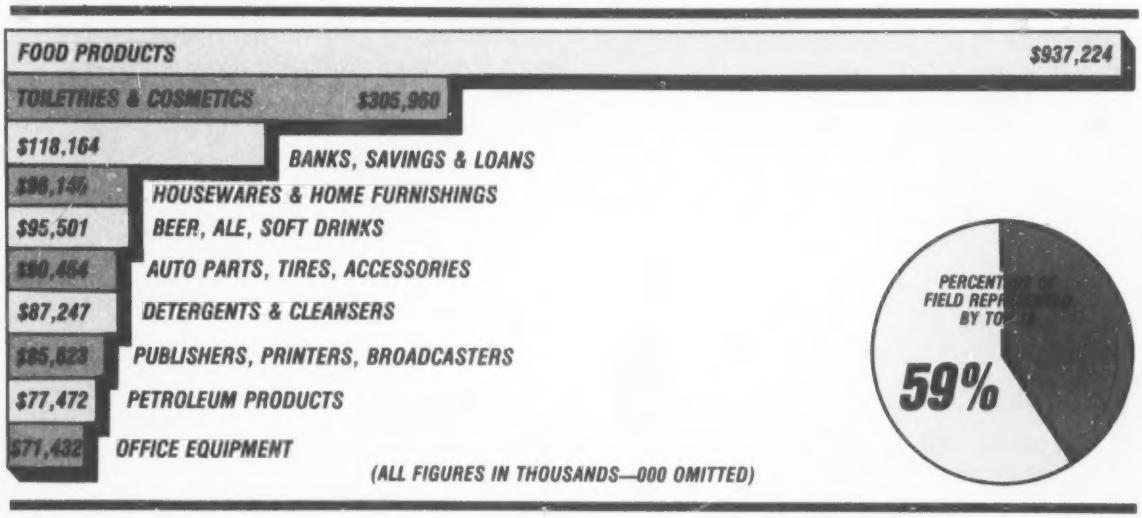
Between them, these two categories accounted for $1.1 billion in retailer expenditures, about 48 percent of the total. The remainder went to other supermarket promotions, such as tape-redemption plans, other short-term saver programs, sweepstakes and games—and a variety of premiums, especially direct offers and give-aways, by many different types of stores. (Banks and savings and loan associations, another important retail user reported separately in the survey, this year spent $118 million in consumer offers.)

If the supermarkets dominate retail promotional spending, their food manufacturer cousins are even more dominant in the area of product promotion premiums. Food products is the unchallenged leader among the industries again this year, with premium promotion to consumers totaling $937 million, or about 28 percent of the entire consumer field. The food firms upped their premium budgets by 12.3 percent in 1984.

The top 10 users of consumer premiums remain basically the same as in 1983, with the exception that housewares and home furnishings moved up to fourth place, displacing beer, ale and soft drinks by a small margin.

Most of these largest user industries did more than their share in increasing usage this year, with seven of the 10 exceeding the overall average growth. In addition to the food products group, others who showed major gains were: auto parts, tires and accessories (up 13.9 percent), housewares and home furnishings (13.0 percent), office equipment (13.1 percent), petroleum products (12.4 percent),

TOP 10 CONSUMER PREMIUM USERS (1984)



beer, ale and soft drinks (12.2 percent) and detergents and cleansers (11.6 percent).

The top 10 industries took a slightly larger bite out of the consumer premium pie this year than in 1983—up one point to 59 percent.

Almost all of the industries moved within a relatively narrow range this year. The maximum variation above or below the average of 11.4-percent growth was about 2 5 points, with the sole exception of financial institutions.

For most industries, the movement in the two major parts of the consumer field—mail-ins and direct premiums—was fairly uniform. Only four groups reported a variation of more than four percentage points in their expansion of the two types of promotion. Auto parts, tires and accessories added only 10.4 percent to the larger portion of its collective budget, mail-ins, but increased direct premium usage by 23.5 percent.

Insurance companies who use more mail-ins (largely informational literature) than direct premiums, cut back by 2.6 percent on the latter, while increasing mail-in offers 12.6 percent. Direct premium use here is mos ly in door-openers to help agents obtain interviews with prospects, since the offer of a premium with the purchase of a policy is illegal in the industry. There is also a fairly large incidence of referral premiums, offered mainly by fraternal groups.

Automobile and truck manufacturers enlarged spending for direct offers by 16.2 percent, while expanding mails-ins only 10.6 percent. And the building materials industry, recently depressed in most types of incentive usage, added 12.7 percent to its direct premium outlays with the larger mail-in category advancing an estimated 6.8 percent.

Given the circumstances of this year's rebounding promotional expenditures, it is evident that meaningful results are occurring again with consumer premium promotions. ■

Incentive Travel

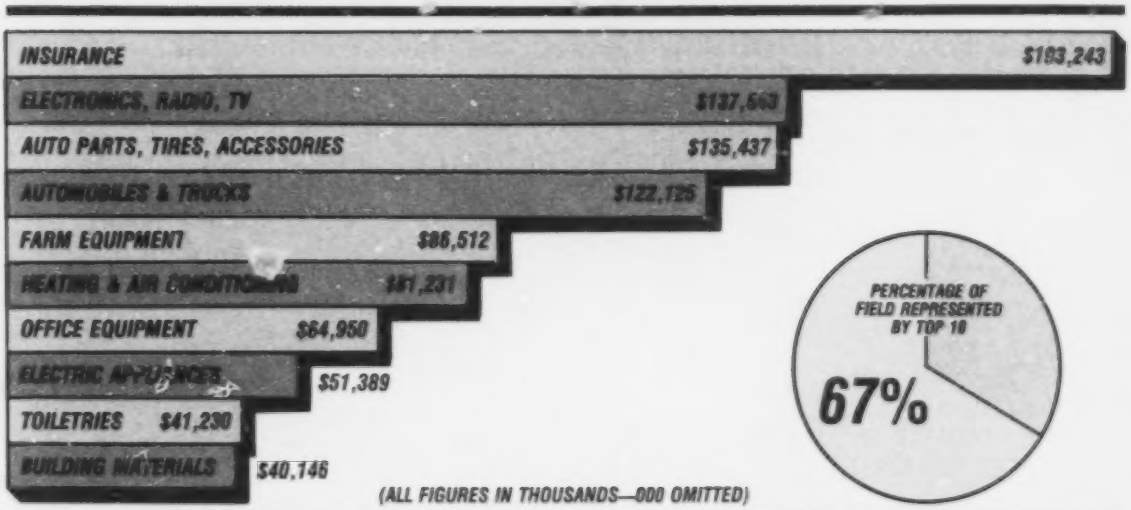
Incentive travel took the road to recovery in 1984, recording a 17.5-percent gain to an estimated volume of $1.4 billion.

The charmed life of incentive travel, darling of the field for a decade, suffered an ego-bruising setback in the past two years. For a while, travel simply did not work as it had. But with the economy back on a growth path in 1984, all that has changed.

This year, incentive travel usage has expanded by 17.5 percent, bringing expenditures to an estimated $1.4 billion. Travel now accounts for about 12 percent of the total incentive market and 28 percent of all trade incentive promotion.

The sales incentive segment of the travel field grew much more

TOP 10 INCENTIVE TRAVEL USERS (1984)



than dealer trips this year. Sales incentive travel rose by 21.3 percent over the 1983 pace, while dealer travel climbed about 13.8 percent. The result was that travel usage to motivate salespeople became the larger share of the field for the first time.

In 1973, 41 percent of incentive travel expenditures were aimed at sales forces. By 1983, that share had reached 49 percent. This year, sales incentive travel went to almost 51 percent, with expenditures estimated at $723.5 million compared with $700 million for dealer programs.

In 1982 and 1983, average results of those surveyed were 12-percent and 14-percent sales increases, respectively, during incentive travel campaigns. Against this fairly dismal background, 1984 brought a jump to 17.7 percent. This figure ranks between the 16.9 percent reported by users of all types of dealer incentive programs, and the 20.1 percent experienced in the total sales incentive field.

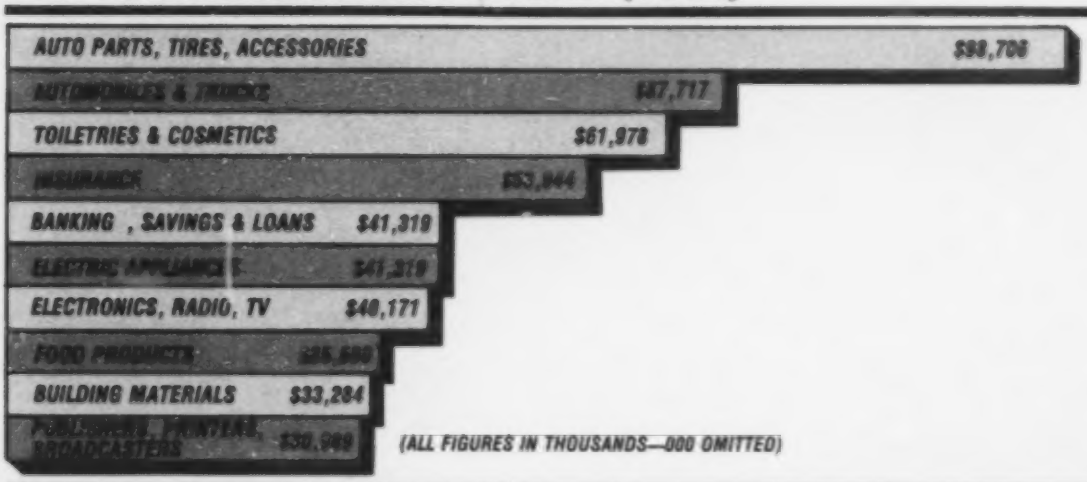
Among the user industries, the top 10 remain the same as last year, except for a minor shuffle at the bottom, where toiletries and cosmetics outspent building materials to force a swap of ninth and 10th positions on the list. Only five of the 10 qualified as big spenders in terms of their rate of increased promotion this year, however. Those who boosted their travel activity more than the overall average of 17.5 percent were the No. 1 insurance industry; auto parts, tires and accessories; automobiles and trucks; office equipment and toiletries and cosmetics. The rest lagged behind the overall pace by a few percentage points.

Here is the year's trend in travel expenditures for the specific industry groups tablulated for the survey:

Apparel ..... +21.5%
Auto Parts, Tires, Accessories ..... +23.4%
Automobiles & Trucks . +22.8%
Banks, Savings & Loans +10.8%
Beer, Ale & Soft Drinks +16.4%
Building Materials ..... + 6.6%
Detergents & Cleansers +15.6%
Electric Appliances .... +14.3%
Electrical & Lighting Equipment ..... +17.0%
Electronics, Radio, TV . +16.4%
Farm Equipment ..... +12.5%
Feed, Fertilizer, Farm Supplies ..... +13.4%
Food Products ..... +22.7%
Furniture & Floor Coverings ..... +13.6%
Hardware..... +19.1%
Heating & Air Conditioning..... +15.1%
Housewares, Home Furnishings ..... +17.5%
Industrial Chemicals ... +18.5%
Insurance ..... +19.6%
Luggage, Jewelry, Accessories..... +15.1%
Machinery & Supplies .. +18.9%
Office Equipment..... +19.1%
Paints & Varnishes .... +14.4%
Paper Products, Packaging ..... +18.2%
Petroleum Products.... +15.1%
Pharmaceuticals..... +15.3%
Public Utilities ..... +25.7%
Publishers, Printers, Broadcasters..... +14.8%
Sporting Goods & Toys +10.6%
Toiletries & Cosmetics . +19.1%
Miscellaneous Industries ..... +15.4%
Distributors, Wholesalers ..... +19.5%

The overriding goal of most trade incentive programs is to increase sales volume, although more specific objectives must be set in most cases to insure that the moti-

TOP 10 BUSINESS GIFT USERS (1984)



(ALL FIGURES IN THOUSANDS—000 OMITTED)

vational thrust is aimed to provide the best chance to achieve the increase.

Overall sales increase is the major objective reported by all sales and dealer incentive users, but to a slightly smaller degree. In other comparable objectives, users see sales incentives as a major force to introduce new products in 47 percent of cases, but only 31 percent of the travel users cite that target. Overall, dealer incentive users consider offsetting competition more significant an objective than do travel users. And 30 percent of sales incentive users apply their programs to contro! their product mix—to move a full line or slow items—which is an important consideration for 19 percent of travel promoters.

The users of travel promotion have some unique benefits not so important to those with merchandise campaigns. The principal one is boosting morale of the sales force and the dealer organization. In a 1983 survey, 33 percent of the travel users chose good will as a key objective in their programs. While the esprit and the recognition that go with any incentive plan are major advantages whether the award is merchandise or travel, the travel user perceives a greater plus in the rapport developed between management and the participants on a trip.

That benefit, of course, presumes group trips—and that is the way 72 percent of the users in our special survey this year plan their incentive programs; the other 28 percent give qualifiers individual trip awards. The groups average about 124 people now, but the median is 70. In 90 percent of cases, the travelers are couples.

With the improvement in results, the cost of incentive travel as a share of the extra volume has remained quite stable. This year's survey respondents' average report showed a 10.6 percent ratio, compared with 10.5 percent in 1983 and 11 percent the year before. For all three years, the median has been 7 percent of incremental sales.

Participants' qualifying for trips has advanced this year, although the result is still below some previous experience. The average percentage of winners is 31 percent, compared with only 24 percent in a 1983 survey. ■

INDUSTRY-BY-INDUSTRY ANALYSIS

Industry totals for 1984 include a figure for business gift expenditures; our 1983 results did not include this figure. Because addition of business gifts to 1984 industry totals provides an exaggerated indication of growth, industry year-to-year percentage changes are not provided. Percentage changes are shown for other incentive types.

	EXPENDITURES 1984		EXPENDITURES 1983	
MISCELLANEOUS INDUSTRIES	**$1,318,986,000**		**$991,907,000**	
TRADE INCENTIVES				
Sales Force Merchandise	$286,414,000	+24.2%	$230,663,000	+ 9.1%
Travel	$ 75,020,000	+21.2%	$ 61,888,000	+ 8.8%
Dealer Merchandise	$190,026,000	+11.0%	$171,246,000	+ 9.0%
Travel	$ 84,201,000	+10.6%	$ 76,140,000	+ 8.1%
BUSINESS GIFTS	$182,491,000	—	—	—
CONSUMER PREMIUMS				
Mail-In Promotions	$238,511,000	+10.9%	$215,152,000	+ 8.7%
Other Premiums	$262,203,000	+10.7%	$236,818,000	+ 8.7%
DISTRIBUTORS & WHOLESALERS	**$1,081,877,000**		**$779,854,000**	
TRADE INCENTIVES				
Sales Force Merchandise	$308,992,000	+21.0%	$255,192,000	+ 8.9%
Travel	$ 22,944,000	+24.5%	$ 18,347,000	+11.8%
Dealer Merchandise	$117,821,000	+11.9%	$105,259,000	+ 8.9%
Travel	$ 16,440,000	+13.1%	$ 14,538,000	+12.3%
BUSINESS GIFTS	$193,968,000	—	—	—
CONSUMER PREMIUMS				
Mail-In Promotions	$248,023,000	+10.3%	$224,882,000	+ 9.4%
Other Premiums	$173,889,000	+10.9%	$156,836,000	+ 9.9%

	EXPENDITURES 1984		EXPENDITURES 1983	
APPAREL	**$53,980,000**		**$36,186,000**	
TRADE INCENTIVES				
Sales Force Merchandise	$ 11,031,000	+18.3%	$ 9,321,000	+ 6.3%
Travel	$ 2,921,000	+22.2%	$ 2,390,000	+ 9.3%
Dealer Merchandise	$ 7,380,000	+10.6%	$ 6,671,000	+ 7.8%
Travel	$ 145,000	+ 8.2%	$ 134,000	+10.7%
BUSINESS GIFTS	$ 9,182,000	—	—	—
CONSUMER PREMIUMS				
Mail-In Promotions	$ 10,315,000	+12.7%	$ 9,156,000	+ 5.7%
Other Premiums	$ 13,006,000	+13.0%	$ 11,514,000	+ 7.9%
AUTO PARTS, TIRES, ACCESSORIES	**$881,083,000**		**$487,737,000**	
TRADE INCENTIVES				
Sales Force Merchandise	$176,280,000	+20.3%	$146,560,000	+ 8.2%
Travel	$ 77,114,000	+24.9%	$ 61,718,000	+10.6%
Dealer Merchandise	$180,216,000	+18.5%	$152,038,000	+10.3%
Travel	$ 58,323,000	+21.4%	$ 48,034,000	+ 9.4%
BUSINESS GIFTS	$ 98,706,000	—	—	—
CONSUMER PREMIUMS				
Mail-In Promotions	$ 64,028,000	+10.4%	$ 57,994,000	+ 9.8%
Other Premiums	$ 26,426,000	+23.5%	$ 21,393,000	+ 8.8%
AUTOMOBILES & TRUCKS	**$378,635,000**		**$260,622,000**	
TRADE INCENTIVES				
Sales Force Merchandise	$135,026,000	+20.2%	$112,310,000	+ 7.5%
Travel	$ 24,821,000	+29.2%	$ 19,204,000	+ 7.4%
Dealer Merchandise	$ 48,210,000	+ 9.6%	$ 43,996,000	+ 9.8%
Travel	$ 97,304,000	+21.3%	$ 80,210,000	+ 7.9%
BUSINESS GIFTS	$ 67,717,000	—	—	—
CONSUMER PREMIUMS				
Mail-In Promotions	$ 2,755,000	+10.6%	$ 2,490,000	– 4.8%
Other Premiums	$ 2,802,000	+16.2%	$ 2,412,000	+ 0.5%
BANKS, SAVINGS & LOANS	**$195,960,000**		**$144,458,000**	
TRADE INCENTIVES				
Sales Force Merchandise	$ 31,306,000	+ 5.0%	$ 29,815,000	+ 4.9%
Travel	$ 2,360,000	+11.3%	$ 2,120,000	+ 4.3%
Dealer Merchandise	$ 2,510,000	+ 9.5%	$ 2,293,000	+ 1.4%
Travel	$ 301,000	+ 7.1%	$ 281,000	+ 6.8%
BUSINESS GIFTS	$ 41,319,000	—	—	—
CONSUMER PREMIUMS				
Mail-In Promotions	$ 24,531,000	+ 7.4%	$ 22,840,000	– 8.3%
Other Premiums	$ 93,633,000	+ 7.5%	$ 87,110,000	– 9.5%
BEER, ALE, SOFT DRINKS	**$178,355,000**		**$148,027,000**	
TRADE INCENTIVES				
Sales Force Merchandise	$ 40,211,000	+21.2%	$ 33,181,000	+ 6.3%
Travel	$ 10,210,000	+18.3%	$ 8,633,000	+ 7.8%
Dealer Merchandise	$ 19,103,000	+11.0%	$ 17,214,000	+ 7.6%
Travel	$ 4,372,000	+12.1%	$ 3,899,000	+ 2.8%
BUSINESS GIFTS	$ 8,958,000	—	—	—
CONSUMER PREMIUMS				
Mail-In Promotions	$ 56,121,000	+12.0%	$ 50,088,000	+ 8.2%
Other Premiums	$ 39,380,000	+12.5%	$ 35,012,000	+ 9.6%

	EXPENDITURES 1984		EXPENDITURES 1983	
BUILDING MATERIALS	**$231,551,000**		**$182,888,000**	
TRADE INCENTIVES				
Sales Force Merchandise	$ 78,820,000	+12.3%	$ 70,213,000	+ 6.1%
Travel	$ 21,611,000	+ 8.0%	$ 20,009,000	+10.5%
Dealer Merchandise	$ 47,643,000	+ 3.7%	$ 45,952,000	+10.0%
Travel	$ 18,535,000	+ 4.9%	$ 17,667,000	+ 8.8%
BUSINESS GIFTS	$ 33,284,000	—	—	—
CONSUMER PREMIUMS				
Mail-In Promotions	$ 19,444,000	+ 6.8%	$ 18,214,000	+ 4.7%
Other Premiums	$ 12,214,000	+12.7%	$ 10,833,000	+ 8.0%
DETERGENTS & CLEANSERS	**$177,877,000**		**$150,179,000**	
TRADE INCENTIVES				
Sales Force Merchandise	$ 56,805,000	+19.8%	$ 47,430,000	+ 8.4%
Travel	$ 2,542,000	+16.6%	$ 2,181,000	+ 7.2%
Dealer Merchandise	$ 24,040,000	+ 9.5%	$ 21,949,000	+ 7.4%
Travel	$ 457,000	+10.4%	$ 414,000	+ 8.7%
BUSINESS GIFTS	$ 6,886,000	—	—	—
CONSUMER PREMIUMS				
Mail-In Promotions	$ 56,126,000	+12.1%	$ 50,087,000	+ 8.5%
Other Premiums	$ 31,121,000	+10.7%	$ 28,116,000	+ 4.6%
ELECTRIC APPLIANCES	**$188,831,000**		**$111,563,000**	
TRADE INCENTIVES				
Sales Force Merchandise	$ 23,823,000	+17.3%	$ 20,314,000	+ 5.8%
Travel	$ 10,508,000	+18.6%	$ 8,863,000	+ 7.5%
Dealer Merchandise	$ 23,527,000	+10.3%	$ 21,332,000	+ 6.5%
Travel	$ 40,881,000	+13.3%	$ 36,080,000	+ 4.2%
BUSINESS GIFTS	$ 41,319,000	—	—	—
CONSUMER PREMIUMS				
Mail-In Promotions	$ 15,903,000	+12.7%	$ 14,110,000	+ 7.8%
Other Premiums	$ 12,070,000	+11.1%	$ 10,864,000	+ 6.0%
ELECTRICAL & LIGHTING EQUIP.	**$102,518,000**		**$89,231,000**	
TRADE INCENTIVES				
Sales Force Merchandise	$ 16,102,000	+16.5%	$ 13,817,000	+ 5.5%
Travel	$ 7,931,000	+23.4%	$ 6,427,000	+ 7.0%
Dealer Merchandise	$ 30,882,000	+10.7%	$ 27,906,000	+ 7.2%
Travel	$ 10,103,000	+12.3%	$ 8,993,000	+ 8.0%
BUSINESS GIFTS	$ 24,103,000	—	—	—
CONSUMER PREMIUMS				
Mail-In Promotions	$ 6,014,000	+ 9.7%	$ 5,484,000	+ 6.3%
Other Premiums	$ 7,383,000	+11.8%	$ 6,604,000	+ 5.9%
ELECTRONICS, RADIO, TV	**$372,104,000**		**$293,450,000**	
TRADE INCENTIVES				
Sales Force Merchandise	$116,128,000	+11.6%	$104,096,000	+ 5.8%
Travel	$ 41,803,000	+19.0%	$ 35,121,000	+ 6.4%
Dealer Merchandise	$ 40,092,000	+ 7.5%	$ 37,279,000	+ 6.7%
Travel	$ 95,750,000	+15.3%	$ 83,033,000	+ 6.0%
BUSINESS GIFTS	$ 40,171,000	—	—	—
CONSUMER PREMIUMS				
Mail-In Promotions	$ 14,681,000	+13.0%	$ 12,997,000	+ 6.9%
Other Premiums	$ 23,479,000	+12.2%	$ 20,924,000	+ 5.9%

	EXPENDITURES 1984		EXPENDITURES 1983	
FARM EQUIPMENT	**$218,486,000**		**$183,000,000**	
TRADE INCENTIVES				
Sales Force Merchandise	$ 28,021,000	+12.3%	$ 24,936,000	+ 0.2%
Travel	$ 26,410,000	+19.9%	$ 22,014,000	+ 1.4%
Dealer Merchandise	$ 78,083,000	+ 9.4%	$ 71,322,000	+ 0.6%
Travel	$ 60,102,000	+ 9.5%	$ 54,881,000	+ 2.4%
BUSINESS GIFTS	$ 14,921,000	—	—	—
CONSUMER PREMIUMS				
Mail-In Promotions	$ 5,208,000	+10.0%	$ 4,731,000	+ 1.9%
Other Premiums	$ 5,721,000	+10.1%	$ 5,196,000	+ 3.9%
FEED, FERTILIZER, SUPPLIES	**$188,353,000**		**$155,000,000**	
TRADE INCENTIVES				
Sales Force Merchandise	$ 29,842,000	+15.1%	$ 25,910,000	+ 7.4%
Travel	$ 12,611,000	+19.5%	$ 10,550,000	+ 8.6%
Dealer Merchandise	$ 45,417,000	+10.7%	$ 41,015,000	+ 4.9%
Travel	$ 19,404,000	+ 9.7%	$ 17,683,000	+ 8.9%
BUSINESS GIFTS	$ 13,773,000	—	—	—
CONSUMER PREMIUMS				
Mail-In Promotions	$ 16,313,000	+12.1%	$ 14,552,000	+ 4.9%
Other Premiums	$ 50,993,000	+10.9%	$ 45,979,000	+ 6.2%
FOOD PRODUCTS	**$1,212,003,000**		**$1,034,386,000**	
TRADE INCENTIVES				
Sales Force Merchandise	$121,322,000	+24.9%	$ 97,108,000	+10.0%
Travel	$ 21,870,000	+26.2%	$ 17,325,000	+ 8.0%
Dealer Merchandise	$ 88,724,000	+12.2%	$ 79,048,000	+ 7.5%
Travel	$ 7,283,000	+13.3%	$ 6,425,000	+ 8.5%
BUSINESS GIFTS	$ 35,580,000	—	—	—
CONSUMER PREMIUMS				
Mail-In Promotions	$521,116,000	+12.9%	$461,256,000	+ 7.3%
Other Premiums	$416,108,000	+11.4%	$373,224,000	+ 8.1%
FURNITURE & FLOOR COVERINGS	**$82,141,000**		**$66,830,000**	
TRADE INCENTIVES				
Sales Force Merchandise	$ 13,342,000	+19.9%	$ 11,124,000	+ 4.8%
Travel	$ 3,903,000	+21.8%	$ 3,203,000	+ 5.5%
Dealer Merchandise	$ 31,112,000	+10.6%	$ 28,125,000	+ 4.6%
Travel	$ 16,329,000	+11.8%	$ 14,600,000	+ 8.4%
BUSINESS GIFTS	$ 6,631,000	—	—	—
CONSUMER PREMIUMS				
Mail-In Promotions	$ 6,544,000	+11.1%	$ 5,885,000	+ 4.0%
Other Premiums	$ 4,271,000	+ 9.7%	$ 3,893,000	+ 4.2%
HARDWARE	**$31,550,000**		**$25,575,000**	
TRADE INCENTIVES				
Sales Force Merchandise	$ 8,108,000	+22.2%	$ 6,634,000	+ 6.2%
Travel	$ 2,112,000	+22.5%	$ 1,724,000	+ 2.1%
Dealer Merchandise	$ 8,609,000	+10.1%	$ 7,815,000	+ 5.5%
Travel	$ 755,000	+10.5%	$ 683,000	+ 4.8%
BUSINESS GIFTS	$ 2,295,000	—	—	—
CONSUMER PREMIUMS				
Mail-In Promotions	$ 5,282,000	+10.5%	$ 4,778,000	+ 5.9%
Other Premiums	$ 4,389,000	+11.3%	$ 3,941,000	+ 3.8%

	EXPENDITURES 1984		EXPENDITURES 1983	
HEATING & AIR CONDITIONING	**$213,883,000**		**$172,774,000**	
TRADE INCENTIVES				
Sales Force Merchandise	$ 29,131,000	+21.0%	$ 24,062,000	+ 4.5%
Travel	$ 38,808,000	+21.4%	$ 31,964,000	+ 4.9%
Dealer Merchandise	$ 71,132,000	+10.7%	$ 64,254,000	+ 5.6%
Travel	$ 42,423,000	+ 9.8%	$ 38,631,000	+ 5.1%
BUSINESS GIFTS	$ 17,214,000	—	—	—
CONSUMER PREMIUMS				
Mail-In Promotions	$ 5,381,000	+11.6%	$ 4,819,000	+ 5.5%
Other Premiums	$ 9,602,000	+11.0%	$ 8,644,000	+ 5.9%
HOUSEWARES, HOME FURNISHINGS	**$199,818,000**		**$158,878,000**	
TRADE INCENTIVES				
Sales Force Merchandise	$ 46,821,000	+19.7%	$ 39,104,000	+ 3.4%
Travel	$ 8,602,000	+22.6%	$ 7,016,000	+ 3.4%
Dealer Merchandise	$ 23,501,000	+10.2%	$ 21,321,000	+ 3.4%
Travel	$ 6,183,000	+10.9%	$ 5,572,000	+ 3.4%
BUSINESS GIFTS	$ 18,364,000	—	—	—
CONSUMER PREMIUMS				
Mail-In Promotions	$ 5,744,000	+12.1%	$ 5,121,000	+ 4.1%
Other Premiums	$ 90,401,000	+13.0%	$ 79,942,000	+ 4.5%
INDUSTRIAL CHEMICALS	**$91,858,000**		**$84,533,000**	
TRADE INCENTIVES				
Sales Force Merchandise	$ 14,505,000	+19.0%	$ 12,181,000	+10.5%
Travel	$ 5,610,000	+24.2%	$ 4,515,000	+ 6.8%
Dealer Merchandise	$ 29,113,000	+11.7%	$ 26,060,000	+ 7.8%
Travel	$ 6,633,000	+14.0%	$ 5,815,000	+ 6.4%
BUSINESS GIFTS	$ 17,218,000	—	—	—
CONSUMER PREMIUMS				
Mail-In Promotions	$ 4,157,000	+15.3%	$ 3,603,000	+ 9.4%
Other Premiums	$ 13,822,000	+11.8%	$ 12,359,000	+ 5.3%
INSURANCE	**$487,151,000**		**$374,718,000**	
TRADE INCENTIVES				
Sales Force Merchandise	$171,224,000	+20.5%	$142,084,000	+ 6.7%
Travel	$146,140,000	+21.3%	$120,388,000	+ 9.2%
Dealer Merchandise	$ 10,818,000	+11.1%	$ 9,736,000	+10.4%
Travel	$ 47,103,000	+14.3%	$ 41,188,000	+ 7.8%
BUSINESS GIFTS	$ 53,944,000	—	—	—
CONSUMER PREMIUMS				
Mail-In Promotions	$ 60,712,000	+12.5%	$ 53,942,000	+ 9.9%
Other Premiums	$ 7,210,000	+ 9.7%	$ 7,380,000	+ 8.7%
LUGGAGE, JEWELRY, ACCESSORIES	**$22,629,000**		**$18,582,000**	
TRADE INCENTIVES				
Sales Force Merchandise	$ 7,302,000	+25.5%	$ 5,816,000	+ 6.1%
Travel	$ 2,341,000	+15.9%	$ 2,019,000	+ 6.7%
Dealer Merchandise	$ 4,142,000	+10.0%	$ 3,765,000	+ 4.9%
Travel	$ 562,000	+11.5%	$ 504,000	+ 9.3%
BUSINESS GIFTS	$ 1,148,000	—	—	—
CONSUMER PREMIUMS				
Mail-In Promotions	$ 4,791,000	+11.6%	$ 4,291,000	+ 7.4%
Other Premiums	$ 2,343,000	+11.2%	$ 2,107,000	+ 8.8%

	EXPENDITURES 1984		EXPENDITURES 1983	
MACHINERY & SUPPLIES	**$113,437,000**		**$78,906,000**	
TRADE INCENTIVES				
Sales Force Merchandise	$ 48,311,000	+20.0%	$ 40,259,000	+ 5.1%
Travel	$ 23,228,000	+21.5%	$ 19,111,000	+ 4.9%
Dealer Merchandise	$ 6,044,000	+11.1%	$ 5,427,000	+ 5.8%
Travel	$ 6,799,000	+10.7%	$ 6,138,000	+ 6.0%
BUSINESS GIFTS	$ 19,102,000	—	—	—
CONSUMER PREMIUMS				
Mail-In Promotions	$ 5,721,000	+10.8%	$ 5,163,000	+ 7.5%
Other Premiums	$ 4,222,000	+10.8%	$ 3,808,000	+ 3.5%
OFFICE EQUIPMENT	**$228,864,000**		**$175,169,000**	
TRADE INCENTIVES				
Sales Force Merchandise	$ 45,021,000	+20.1%	$ 37,483,000	+ 6.8%
Travel	$ 51,004,000	+21.5%	$ 41,968,000	+ 9.8%
Dealer Merchandise	$ 22,211,000	+10.9%	$ 20,015,000	+ 5.8%
Travel	$ 13,946,000	+10.9%	$ 12,567,000	+12.0%
BUSINESS GIFTS	$ 25,250,000	—	—	—
CONSUMER PREMIUMS				
Mail-In Promotions	$ 10,208,000	+13.2%	$ 9,014,000	+ 7.9%
Other Premiums	$ 61,224,000	+13.1%	$ 54,122,000	+ 6.9%
PAINTS & VARNISHES	**$50,053,000**		**$42,[illegible].000**	
TRADE INCENTIVES				
Sales Force Merchandise	$ 12,121,000	+20.1%	$ 10,088,000	+10.0%
Travel	$ 3,812,000	+21.5%	$ 3,137,000	+ 7.4%
Dealer Merchandise	$ 8,333,000	+ 9.8%	$ 7,587,000	+ 7.9%
Travel	$ 8,216,000	+11.3%	$ 7,376,000	+ 8.8%
BUSINESS GIFTS	$ 2,083,000	—	—	—
CONSUMER PREMIUMS				
Mail-In Promotions	$ 10,804,000	+12.0%	$ 9,644,000	+ 7.9%
Other Premiums	$ 4,684,000	+11.7%	$ 4,192,000	+ 9.7%
PAPER PRODUCTS & PACKAGING	**$68,813,000**		**$51,262,000**	
TRADE INCENTIVES				
Sales Force Merchandise	$ 8,645,000	+22.8%	$ 7,039,000	+ 8.7%
Travel	$ 8,421,000	+20.8%	$ 6,968,000	+ 8.9%
Dealer Merchandise	$ 8,904,000	+10.7%	$ 8,039,000	+ 7.4%
Travel	$ 3,981,000	+12.9%	$ 3,525,000	+13.2%
BUSINESS GIFTS	$ 10,330,000	—	—	—
CONSUMER PREMIUMS				
Mail-In Promotions	$ 15,808,000	+11.1%	$ 14,216,000	+ 8.0%
Other Premiums	$ 12,724,000	+11.4%	$ 11,415,000	+ 7.3%
PETROLEUM PRODUCTS	**$221,219,000**		**$183,925,000**	
TRADE INCENTIVES				
Sales Force Merchandise	$ 51,112,000	+18.2%	$ 43,211,000	+ 6.3%
Travel	$ 8,281,000	+19.6%	$ 6,923,000	+ 7.4%
Dealer Merchandise	$ 63,504,000	+10.5%	$ 57,422,000	+ 7.5%
Travel	$ 8,225,000	+10.8%	$ 7,417,000	+ 8.8%
BUSINESS GIFTS	$ 12,625,000	—	—	—
CONSUMER PREMIUMS				
Mail-In Promotions	$ 30,801,000	+13.9%	$ 27,040,000	+ 5.2%
Other Premiums	$ 46,671,000	+11.3%	$ 41,912,000	+ 7.8%

	EXPENDITURES 1984		EXPENDITURES 1983	
PHARMACEUTICALS	**$141,638,000**		**$101,048,000**	
TRADE INCENTIVES				
Sales Force Merchandise	$ 42,762,000	+19.3%	$ 35,818,000	+ 7.2%
Travel	$ 11,120,000	+18.0%	$ 9,423,000	+ 7.8%
Dealer Merchandise	$ 17,455,000	+10.4%	$ 15,810,000	+ 8.0%
Travel	$ 6,555,000	+10.9%	$ 5,906,000	+ 7.8%
BUSINESS GIFTS	$ 26,111,000	—	—	—
CONSUMER PREMIUMS				
Mail-In Promotions	$ 17,021,000	+11.8%	$ 15,211,000	+ 9.1%
Other Premiums	$ 20,614,000	+ 9.1%	$ 18,880,000	+ 9.3%
PUBLIC UTILITIES	**$21,903,000**		**$17,128,000**	
TRADE INCENTIVES				
Sales Force Merchandise	$ 5,013,000	+19.8%	$ 4,182,000	+ 9.8%
Travel	$ 2,581,000	+27.5%	$ 2,024,000	+ 9.8%
Dealer Merchandise	$ 2,522,000	+ 8.8%	$ 2,316,000	+10.1%
Travel	$ 288,000	+11.1%	$ 259,000	+ 7.0%
BUSINESS GIFTS	$ 2,187,000	—	—	—
CONSUMER PREMIUMS				
Mail-In Promotions	$ 4,810,000	+11.8%	$ 4,302,000	+ 8.5%
Other Premiums	$ 4,502,000	+11.2%	$ 4,046,000	+ 8.7%
PUBLISHERS & BROADCASTERS	**$217,282,000**		**$167,963,000**	
TRADE INCENTIVES				
Sales Force Merchandise	$ 76,030,000	+11.7%	$ 68,040,000	+ 5.9%
Travel	$ 10,812,000	+18.0%	$ 9,161,000	+ 8.6%
Dealer Merchandise	$ 9,436,000	+ 6.7%	$ 8,842,000	+ 8.4%
Travel	$ 4,402,000	+ 7.6%	$ 4,088,000	+ 9.2%
BUSINESS GIFTS	$ 30,989,000	—	—	—
CONSUMER PREMIUMS				
Mail-In Promotions	$ 57,073,000	+ 9.7%	$ 52,008,000	+ 8.7%
Other Premiums	$ 28,550,000	+10.5%	$ 25,824,000	+ 7.9%
SPORTING GOODS & TOYS	**$43,564,000**		**$37,452,000**	
TRADE INCENTIVES				
Sales Force Merchandise	$ 7,252,000	+10.7%	$ 6,549,000	+ 6.1%
Travel	$ 5,221,000	+10.5%	$ 4,724,000	+ 6.5%
Dealer Merchandise	$ 8,036,000	+ 9.2%	$ 7,355,000	+ 8.0%
Travel	$ 3,899,000	+10.6%	$ 3,524,000	+ 9.0%
BUSINESS GIFTS	$ 2,317,000	—	—	—
CONSUMER PREMIUMS				
Mail-In Promotions	$ 8,237,000	+10.0%	$ 7,482,000	+ 7.1%
Other Premiums	$ 8,602,000	+10.0%	$ 7,818,000	+ 8.2%
TOILETRIES & COSMETICS	**$700,200,000**		**$558,235,000**	
TRADE INCENTIVES				
Sales Force Merchandise	$214,011,000	+20.1%	$178,154,000	+ 8.4%
Travel	$ 30,914,000	+21.6%	$ 25,417,000	+ 9.9%
Dealer Merchandise	$ 77,021,000	+10.9%	$ 69,425,000	+ 8.9%
Travel	$ 10,316,000	+12.2%	$ 9,188,000	+ 9.3%
BUSINESS GIFTS	$ 61,978,000	—	—	—
CONSUMER PREMIUMS				
Mail-In Promotions	$148,127,000	+10.6%	$133,880,000	+ 8.9%
Other Premiums	$157,833,000	+11.0%	$142,171,000	+ 9.2%

NOTE

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